

Companies Announcements Office
Australian Securities Exchange
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QUARTERLY ACTIVITY REPORT

Shark Mitigation Systems Expansion Gaining Momentum

Highlights

- Global interest in Clever Buoy systems with strong interest in the US market
- Shark Attack Mitigation Systems (SAMS) visual technology penetration into the US market with a licence to reputable manufacturing partner
- Seabin moving into production phase with commercial sales expected to commence in September

Monday 31 July 2017 – Australian marine technology company Shark Mitigation Systems Limited (ASX:SM8) ('Shark Mitigation Systems' or 'the Company') is pleased to provide its report for the three months to the end of June 2017.

Shark Detection Technology | Clever Buoy

Shark Mitigation Systems continues to receive significant interest in its Clever Buoy system as the incidence of shark interactions around the globe increase. Recent shark attacks on the Florida and Californian coastlines in the United States have resulted in several strong enquiries from local beach counties and private hotel resort operators.

Shark Mitigation Systems is in discussions with a number of Southern California counties and cities and has submitted a formal proposal to the City of San Clemente following a rapid increase in the number of shark interactions in this area.

Shark Mitigation Systems is planning for further deployments in Australia for next summer, following the completion of the pilot project at City Beach in Western Australia. The Company is in discussions with the newly elected government of Western Australia for further potential expansion of the Clever Buoy network following further tragic shark attacks along its coastline. The Company continues to work with the NSW Government on options for the Clever Buoy on their coastline, as well submitting formal proposals in South Africa and Reunion Island (France).

Bruce "Hoppo" Hopkins joined the Shark Mitigation Systems team during the quarter as the Company's Ambassador for the Clever Buoy System. Bruce is the chief lifeguard at Bondi Beach in Sydney and has had first-hand experience in implementing the Company's shark detection and notification system into beach safety procedures. His high profile in the award-winning Bondi Rescue television series and his decades of lifeguard services provides the Company with a highly credible ambassador for the Clever Buoy system.

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Visual Technology | SAMS

Shark Mitigation Systems announced the execution of a licencing deal with the highly regarded Californian graphics provider, Boardlams in early July 2017. Boardlams is the principal provider of graphics to major global surfboard manufacturers such as Lost Surfboards, Channel Islands and Rusty surfboards.

Shark Mitigation Systems has also been finalising arrangements with various leading global surfboard and watercraft manufacturers to integrate the SAMS visual technology into their product ranges. With over 400,000 surfboards sold globally each year, plus 6 million body board participants (APB, 2017), and the fast growing stand up paddling industry, which contributes more than 2.8 million participants each year in the US alone (Outdoor Foundation, 2015) the market potential for SAMS technology is significant.

Over the past months Shark Mitigation Systems has placed significant focus on the application of its visual technology in the wetsuit market. The Company is confident of securing agreements with further licensees in both the surfing and diving markets imminently.

The Seabin Project

Shark Mitigation Systems continues its active involvement in the revolutionary ocean plastic cleaning device, Seabin, through its shareholding and executive input.

The team at Seabin have been undertaking pilot partner installations in marinas in San Diego, California, Helsinki, Finland, Port Adriano, Spain, Bermuda and Montenegro.

Seabin is currently completing agreements with manufacturing and distribution partners in anticipation of commercial sales commencing in September 2017.

For more information please visit: <http://www.seabinproject.com>



Shark Mitigation Systems Ambassador Bruce "Hoppo" Hopkins

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Ends.

For further information please contact:

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About Shark Mitigation Systems

Shark Mitigation Systems Limited (ASX:SM8) is an Australian marine technology company that has developed and commercialised award-winning patented products to mitigate the risk of shark attacks. Shark Mitigation Systems product portfolio includes SAMS [Shark Attack Mitigation Systems], Clever Buoy™ and Seabin. SAMS is a Visual Deterrent Technology that is applied to wetsuits and watersport products to reduce the chance of shark attacks. Clever Buoy™ is a marine monitoring platform that autonomously distinguishes large sharks from other species and sends warning signals to shore for human intervention response. Seabin is a revolutionary ocean plastics cleaning device that catches floating rubbish, oil, fuel and detergents and makes oceans cleaner. Shark Mitigation Systems products can be deployed across oceans globally and the Company is committed to pursuing international commercialisation. To learn more about Shark Mitigation Systems please visit:

www.sharkmitigation.com

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SHARK MITIGATION SYSTEMS LIMITED

ABN

77 149 970 445

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	159	631
1.2 Payments for		
(a) research and development	-	(426)
(b) product manufacturing and operating costs	(25)	(186)
(c) advertising and marketing	(86)	(284)
(d) leased assets	-	-
(e) staff costs	(194)	(714)
(f) administration and corporate costs	(87)	(284)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	16
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid (2016 refund)	11	11
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(223)	(1,239)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(149)	(860)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	(5)	(16)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(154)	(876)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(12)	(25)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (convertible loan to associate company)	-	(16)
3.10	Net cash from / (used in) financing activities	(14)	(43)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,012	2,779
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(223)	(1,239)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(154)	(876)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(43)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	621	621

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	621	1,012
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	621	1,012

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
71
-

Includes salaries paid to directors, as well as superannuation paid on behalf of directors. Also includes corporate and accounting services paid to a company associated with one of the directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	126
9.3 Advertising and marketing	66
9.4 Leased assets	-
9.5 Staff costs	184
9.6 Administration and corporate costs	113
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	489

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Director and Company Secretary

Date: 31 July 2017

Print name: David M McArthur

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.